

**Remarks by Craven Crowell, Chairman  
Tennessee Valley Authority  
at the Financial Analyst and Investor Meeting  
March 23, 2001 — New York, New York**

**INTRODUCTION**

*C-1: Title Chart*

**Thank you, Sissy . . . and good afternoon, ladies and gentlemen. As always, we're delighted to be back in New York.**

*C-2: Quote*

**As I said at this meeting in 1999 . . . one of the most important services that public power utilities could provide in a restructured marketplace is vision . . . especially in the context of the public good.**

**I'm pleased to be able to report an example of that vision to you today.**

**Long before the lights started going out in California . . . TVA recognized the importance of investing in new electric generation to protect the prosperity of the Tennessee Valley and to promote economic growth.**

**In 1997 . . . TVA developed a Ten-year Business Outlook to help ensure that TVA's total delivered cost of power would be competitive with the market cost of power expected in 2007.**

**Based on trends at the time . . . we initially assumed we could avoid spending money on new generation.**

*C-3: Recent Major Blackouts*

**But soon, new developments in the electric utility industry required TVA to take a fresh look at this assumption.**

**Our nation's power supply is failing to keep pace with demand.**

**The transmission infrastructure needed to move power from one utility to another is under increasing stress.**

**Environmental expectations are increasing.**

**And the price of natural gas -- the fuel that's used in most new electric generation -- has been increasing rapidly.**

*C-4: TVA Chart*

**In addition, record-breaking summer power demands showed us that TVA could no longer rely on surplus power from others . . . companies who had previously agreed to sell electricity to TVA were unable and, in some cases, unwilling to honor their agreements.**

**Even when electricity was available . . . often it was very costly . . . and sometimes there wasn't enough transmission capacity to move it.**

**Faced with these developments . . . TVA made necessary adjustments . . . including a commitment to invest more than \$1 billion over four years in additional peaking and baseload capacity.**

**The first installment of these proved critical in meeting record power demands this past summer.**

*C-5: Summer Peaks of 2000*

**Last August . . . TVA met five peak power demands higher than the previous year's record, including an all-time peak of 29,344 megawatts.**

**To pay for the generation needed to meet these demands . . . TVA looked at how fast we could reduce the debt and, at the same time, avoid the kind of problems now plaguing California.**

**By making prudent investments to increase our generation . . . while at the same time reducing the debt . . . TVA remains on target to achieve our original goal of having reliable, competitively-priced power in 2007.**

*C-6: Debt Reduction*

**This year will mark TVA's fifth consecutive year of debt reduction . . . quite a change from 35 years of debt increases.**

**By the end of this fiscal year, we expect to have paid down TVA's debt by some \$2.2 billion . . . to about \$25 and a half billion.**

**And TVA plans to continue to reduce its debt for the foreseeable future.**

*C-7: TVA Chart*

**I'm also pleased to report that we're in sound condition operationally.**

**TVA nuclear units have set new generation records five years in a row . . . and have ranked among the top 25 performers in the nation and among the top 50 worldwide for three consecutive years.**

**In addition, all five TVA nuclear units have received the highest performance rating possible from the industry.**

**And TVA fossil and hydroelectric plants also are performing better than ever.**

**The challenges for TVA are no less daunting, of course, than those of the entire industry, though we are proud to be among the leaders in recognizing and responding to these changing needs.**

#### **INDUSTRY FUTURE**

**During my tenure as Chairman of TVA . . . I engaged in political forums to debate and develop energy policy for both TVA and the nation.**

**Also, during the past year, I have been honored to be the Chairman of the Electric Power Research Institute.**

**These have been unique windows from which to view the evolution of our industry and to glimpse the future.**

**I'd like to spend a few minutes sharing the opportunities – and challenges – that I think lie ahead for the electric utility industry.**

*C-8: Opportunities & Challenges*

**First, the industry needs to increase its rate of innovation.**

**My position as Chairman of EPRI has convinced me that new technologies will have to be developed for the production, storage and transmission of electricity.**

**In spite of this, investments in electricity research & development are now at a 20-year low.**

*C-9: Opportunities & Challenges*

**Second, our industry needs to redefine the financial disciplines that drive our decision making.**

**As you know, the best way to run a regulated monopoly is much different than the best way to run a competitive enterprise.**

**To make the transition to a restructured environment will require a major shift in thinking on the part of industry leaders.**

*C-10: Opportunities & Challenges*

**Finally, we must work cooperatively to address the policy issues of public responsibility that we all share.**

**Our nation needs both private and public power companies, and we need to work together to provide for a robust electric utility industry.**

<b>CONCLUSION</b>
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*C-11: TVA Chart*

**As many of you know . . . I will end my tenure as Chairman of TVA in just three weeks.**

**I approach this time with a deep admiration for TVA's proud history and a special satisfaction for the accomplishments of TVA during the past eight years.**

**The future will continue to be challenging . . . but I know that I'm leaving TVA in good hands with Directors McCullough and Harris.**

**I am confident that Glenn and Skila . . . supported by a strong management team . . . will continue to build on TVA's proud heritage in the years to come.**

**With your support . . . I am confident that TVA will not only survive in the new world of competition . . . but it will prosper!**

**Serving on the TVA Board is truly a mission of public service and it has been my privilege to serve as Chairman of the largest public power enterprise in the United States.**

**At this time I'd like to turn the program over to Glenn and Skila to share their vision for TVA's future.**

**Thank you very much.**

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